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## The Farm Production-Consumption Balance

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# The Farm Production-Consumption Balance

**F**ARMERS stepped up production greatly to meet the heavy needs of wartime. Food requirements will remain large for the next year and possibly for the next 2 years. But after that, will farm output continue at the present high level? And if it does, can the products be moved into consumption at profitable prices.

## Production Prospects

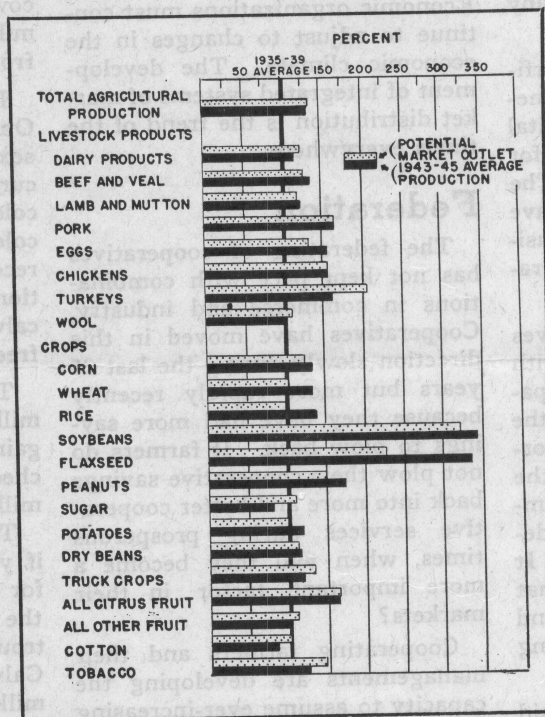
American farmers produced an average of about 30 percent more farm products during the war years, 1942-45, than during the prewar years, 1935-39. They did it with 5 percent fewer farm workers and with no change in total cropland. This means that rates of production per farm worker, per acre and per animal were stepped up very sharply during the war.

About one-fourth of the wartime expansion in farm output came from favorable weather. Reserves of wheat and feed grains and larger imports of feed grains accounted for about one-tenth of the concentrates fed to livestock. So these reserves contributed less than 2 percent to total farm production.

More significant are the technological improvements which farmers rapidly put into practice in recent years. They include better feeding of livestock, improved crop varieties, greater use of fertilizer and lime, more cover crops and conservation practices and better pest and disease control.

In sizing up future production prospects, we must ask: Will these new methods be continued and prove profitable even if the demand for farm products drops sharply? The answer is yes. Lower costs per unit of production are advantageous to farmers regardless of prices or demand for farm prod-

ucts. The rate at which farmers adopt additional improved practices in the future undoubtedly will be affected by farm prices. Many farmers have not gone as far as they would like because of wartime shortages of machinery, fertilizer and materials. We can conclude that the total volume of production



Estimated Market Outlets for Farm Products With Full Industrial Employment

will probably be as high as at present and may increase gradually.

## Consumption Prospects

About 80 percent of our food supplies went to civilians and 13 percent to the military during the war. This left about 7 percent for commercial export and lend-lease to our allies. If exports and imports return to prewar levels after a few years and total production does not change, we will have about 5 percent more food available for consumption in this country than we now eat.

This should not be a burdensome supply. It should move into consumption at reasonably good farm prices if consumer incomes stay near the present levels.

Civilians have eaten 5 to 10 percent more food during the recent war period than in the years immediately before the war. But not all market demands were supplied at the prevailing prices. Food supplies in 1944 were estimated to be 5 to 10 percent short of filling total demand for food under price controls. Therefore, food which will become available with a reduction in exports for foreign relief probably can be shifted to consumption at home.

But if incomes decline, consumers will not only eat less in total but will also substitute cheaper foods for the more expensive. This means that demand and prices for the more expensive foods, mainly livestock products, will fall off more than for those that are relatively cheap, such as cereals and certain vegetables.

## Individual Products

Although total farm production may be fairly well balanced with total consumption or market demands, post-war adjustments in the output of individual products will be necessary. Farmers stepped up production of certain products much more than of others to meet the special war needs. But even here the adjustments will not have to be very great if the present high level of consumer income is maintained.

The quantities of the various products that could be marketed in 1950, assuming farm prices averaging parity, were estimated in a recent study by BAE. These estimates of market outlets, compared with recent production levels, are shown in the chart. For most products, production in the recent war period does not greatly exceed the estimated market outlets. More dairy products and slightly less beef and eggs could be sold. Several crops would have to be reduced but certain fruits and vegetables would have to be expanded.